

Township of Dorr
Allegan County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

Township Board
Township of Dorr, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Dorr, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township of Dorr, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Dorr, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Dorr, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 20 - 24, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Dorr, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.



1958-2008

Township Board
Township of Dorr, Michigan
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Dorr, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

August 15, 2008

BASIC FINANCIAL STATEMENTS

Township of Dorr
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Current assets:		
Cash	\$ 1,303,842	\$ 419,252
Receivables, net	185,418	5,400
Prepaid expense	19,309	-
Total current assets	<u>1,508,569</u>	<u>424,652</u>
Noncurrent assets:		
Receivables, net	588,224	-
Capital assets not being depreciated	265,814	-
Capital assets, net of accumulated depreciation	<u>1,890,692</u>	<u>-</u>
Total noncurrent assets	<u>2,744,730</u>	<u>-</u>
Total assets	<u>4,253,299</u>	<u>424,652</u>
LIABILITIES		
Current liabilities:		
Payables	52,659	2,477
Current portion of long-term obligations	<u>37,242</u>	<u>-</u>
Total current liabilities	89,901	2,477
Noncurrent liabilities - long-term obligations	<u>588,224</u>	<u>-</u>
Total liabilities	<u>678,125</u>	<u>2,477</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,531,040	-
Restricted for:		
Public safety	374,475	-
Public works	240,789	-
Recreation and culture	153,914	-
Debt service	625,466	-
Unrestricted	<u>649,490</u>	<u>422,175</u>
Total net assets	<u>\$ 3,575,174</u>	<u>\$ 422,175</u>

See notes to the financial statements

Township of Dorr
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>
Primary government			
Governmental activities:			
Legislative	\$ 14,854	\$ -	\$ -
General government	344,826	90,554	-
Public safety	282,080	69,576	2,342
Public works	182,638	38,931	6,303
Health and welfare	6,000	-	-
Community and economic development	18,940	6,400	-
Culture and recreation	213,321	44,514	4,725
Interest on long-term debt	<u>80,216</u>	<u>75,664</u>	<u>-</u>
Total primary government	<u>\$ 1,142,875</u>	<u>\$ 325,639</u>	<u>\$ 13,370</u>
 Component unit	 <u>\$ 31,545</u>	 <u>\$ -</u>	 <u>\$ -</u>

General revenues:

Property taxes
Franchise fees
State grants
Investment income
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

***Net (expenses) revenues and
changes in net assets***

<i><u>Primary government</u></i>	<i><u>Component unit</u></i>
<i><u>Governmental activities</u></i>	<i><u>Downtown Development Authority</u></i>

\$ (14,854)
(254,272)
(210,162)
(137,404)
(6,000)
(12,540)
(164,082)
(4,552)

(803,866)

\$ (31,545)

584,284	32,527
24,635	-
446,286	-
48,174	18,888
<u>14,931</u>	<u>-</u>

<u>1,118,310</u>	<u>51,415</u>
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314,444	19,870
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<u>3,260,730</u>	<u>402,305</u>
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<u>\$ 3,575,174</u>	<u>\$ 422,175</u>
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See notes to the financial statements

Township of Dorr
BALANCE SHEET - governmental funds
 March 31, 2008

	<u>Major funds</u>		
	<u>General</u>	<u>Road</u>	<u>Fire Equipment</u>
ASSETS			
Cash	\$ 362,001	\$ 225,215	\$ 359,616
Receivables, net	99,797	9,791	7,551
Prepaid expenses	19,309	-	-
Total assets	<u>\$ 481,107</u>	<u>\$ 235,006</u>	<u>\$ 367,167</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 37,835	\$ -	\$ -
Deferred revenue	-	-	-
Total liabilities	<u>37,835</u>	<u>-</u>	<u>-</u>
Fund balances:			
Unreserved	443,272	235,006	367,167
Reported in nonmajor - special revenue funds	-	-	-
Total fund balances	<u>443,272</u>	<u>235,006</u>	<u>367,167</u>
Total liabilities and fund balances	<u>\$ 481,107</u>	<u>\$ 235,006</u>	<u>\$ 367,167</u>

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Total governmental fund balances (as above)

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Accrued interest receivable is not available in the current period and, therefore, is not reported in the funds.

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<u>Library Capital</u>	<u>Sewer Debt</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ 55,971	\$ -	\$ 301,039	\$ 1,303,842
4,958	625,466	11,095	758,658
-	-	-	19,309
<u>\$ 60,929</u>	<u>\$ 625,466</u>	<u>\$ 312,134</u>	<u>\$ 2,081,809</u>
\$ -	\$ -	\$ 4,424	\$ 42,259
-	625,466	-	625,466
-	625,466	4,424	667,725
60,929	-	-	1,106,374
-	-	307,710	307,710
60,929	-	307,710	1,414,084
<u>\$ 60,929</u>	<u>\$ 625,466</u>	<u>\$ 312,134</u>	<u>\$ 2,081,809</u>
			\$ 1,414,084
			2,156,506
			625,466
			14,984
			(10,400)
			<u>(625,466)</u>
			<u>\$ 3,575,174</u>

See notes to the financial statements

*Township of Dorr***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds***Year ended March 31, 2008*

	<i>Major funds</i>			
	<i>General</i>	<i>Road</i>	<i>Fire Equipment</i>	<i>Library Capital</i>
REVENUES				
Taxes	\$ 225,837	\$ 211,141	\$ 105,552	\$ 106,933
Licenses and permits	94,236	-	-	-
State grants	452,589	-	-	-
Charges for services	23,163	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rentals	22,756	-	10,757	3,820
Other	18,444	-	-	-
Total revenues	837,025	211,141	116,309	110,753
EXPENDITURES				
Legislative	14,854	-	-	-
General government	316,403	-	-	-
Public safety	214,199	-	-	-
Public works	158,680	-	-	-
Health and welfare	6,000	-	-	-
Community and economic development	18,940	-	-	-
Culture and recreation	43,009	-	-	-
Capital outlay	28,512	-	-	-
Debt service:				
Principal	-	-	-	236,059
Interest	-	-	-	12,962
Total expenditures	800,597	-	-	249,021
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,428	211,141	116,309	(138,268)
OTHER FINANCING SOURCES (USES)				
Transfers in	128,057	-	-	-
Transfers out	(80,000)	(128,057)	-	-
Total other financing sources (uses)	48,057	(128,057)	-	-
NET CHANGES IN FUND BALANCES	84,485	83,084	116,309	(138,268)
FUND BALANCES - BEGINNING	358,787	151,922	250,858	199,197
FUND BALANCES - ENDING	\$ 443,272	\$ 235,006	\$ 367,167	\$ 60,929

<u>Sewer Debt</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ 649,463
-	2,342	96,578
-	4,725	457,314
-	2,389	25,552
-	41,630	41,630
80,564	9,007	126,904
<u>296,522</u>	<u>41,750</u>	<u>356,716</u>
 377,086	 101,843	 1,754,157
 -	 -	 14,854
-	-	316,403
-	-	214,199
-	45,487	204,167
-	-	6,000
-	-	18,940
-	136,524	179,533
-	5,561	34,073
296,522	-	532,581
<u>80,564</u>	<u>-</u>	<u>93,526</u>
 377,086	 187,572	 1,614,276
 -	 (85,729)	 139,881
 -	 80,000	 208,057
<u>-</u>	<u>-</u>	<u>(208,057)</u>
 -	 80,000	 -
-	(5,729)	139,881
<u>-</u>	<u>313,439</u>	<u>1,274,203</u>
<u>\$ -</u>	<u>\$ 307,710</u>	<u>\$ 1,414,084</u>

See notes to the financial statements

Township of Dorr

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2008

Net change in fund balances - total governmental funds \$ 139,881

Amounts reported for *governmental activities* in the statement of
activities (page 6) are different because:

Capital assets:

Additions	52,778
Depreciation	(127,268)

Long-term debt - retirements 532,581

Changes in other assets/liabilities:

Net decrease in accrued interest revenue	(316)
Net decrease in accrued interest expense	13,310
Net decrease in deferred revenue	<u>(296,522)</u>

Change in net assets of *governmental activities* \$ 314,444

Township of Dorr

STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund

March 31, 2008

ASSETS

Cash	\$ <u>3,954</u>
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LIABILITIES

Due to other governmental units	\$ <u>3,954</u>
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See notes to the financial statements

Township of Dorr
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Dorr, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Discretely-presented component unit:

The Dorr Township Downtown Development Authority (the Authority) meets the criteria of a component unit and has been included in the Township's general purpose financial statements as a discretely-presented component unit. This unit is reported in a separate column to emphasize it is legally separate from the Township. The Authority has a March 31 year end. The Authority's administrative office is located at 1512 140th, Wayland, Michigan 49348.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the accumulation of financial resources used to make expenditures for major highway and street improvements, as designated by the Township Board. Revenues are primarily derived from property taxes.

The Fire Equipment Fund accounts for the accumulation of financial resources used to make expenditures for fire equipment, as designated by the Township Board. Revenues are primarily derived from property taxes and interest revenue.

The Library Capital Fund accounts for the accumulation of financial resources used to make expenditures for library capital improvements, as designated by the Library Board. Revenues are primarily derived from property taxes and interest revenue.

The Sewer Debt Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments.

The Township reports a single fiduciary fund, the Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector standards.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 10 years
Vehicles	10 - 20 years
Infrastructure	40 years

v) Deferred revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

vii) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	\$212,600	\$214,199	\$ (1,599)
Library Capital	Debt service	190,000	249,021	(59,021)

NOTE 3 - CASH:

Cash as presented in the accompanying financial statements consists of the following:

	<u>Governmental activities</u>	<u>Component unit</u>	<u>Fiduciary</u>	<u>Totals</u>
Deposits	<u>\$ 1,303,842</u>	<u>\$ 419,252</u>	<u>\$ 3,954</u>	<u>\$ 1,727,048</u>

Deposits with financial institutions:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH (Continued):

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, a portion of the Township's bank balances were exposed to custodial credit risk because they were uninsured and uncollateralized as follows:

	<u>Bank balances</u>	<u>Uninsured</u>
Primary government	\$ 1,328,868	\$ 1,028,868
Component unit	419,252	219,252

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

At March 31, 2008, the Township's receivables were as follows:

	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assess- ments</u>	<u>Inter- govern- mental</u>	<u>Interest</u>	<u>Totals</u>
Governmental activities:						
General Fund	\$ 15,162	\$ 9,738	\$ -	\$ 74,897	\$ -	\$ 99,797
Road Fund	-	9,791	-	-	-	9,791
Fire Equipment Fund	-	4,894	-	-	2,657	7,551
Library Capital Fund	-	4,958	-	-	-	4,958
Sewer Debt Fund	-	-	625,466	-	-	625,466
Public Improvement Fund	-	-	-	-	1,975	1,975
Street Lighting Fund	-	2,648	-	-	-	2,648
Library Fund	-	-	-	6,472	-	6,472
Total governmental activities	<u>\$ 15,162</u>	<u>\$ 32,029</u>	<u>\$ 625,466</u>	<u>\$ 81,369</u>	<u>\$ 4,632</u>	<u>\$ 758,658</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,224</u>
Component unit:						
Dorr Township Downtown Development Authority	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,400</u>

All receivables are considered fully collectible.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 265,814	\$ -	\$ -	\$ 265,814
Capital assets being depreciated:				
Buildings and improvements	1,410,427	-	-	1,410,427
Equipment	447,482	8,486	-	455,968
Vehicles	894,331	-	-	894,331
Library collections	150,498	16,048	(18,189)	148,357
Infrastructure - shared road costs	180,568	28,244	-	208,812
Subtotal	<u>3,083,306</u>	<u>52,778</u>	<u>(18,189)</u>	<u>3,117,895</u>
Less accumulated depreciation for:				
Buildings and improvements	(404,582)	(32,166)	-	(436,748)
Equipment	(202,713)	(28,352)	-	(231,065)
Vehicles	(424,742)	(45,200)	-	(469,942)
Library collections	(81,065)	(14,835)	18,189	(77,711)
Infrastructure - shared road costs	(5,022)	(6,715)	-	(11,737)
Subtotal	<u>(1,118,124)</u>	<u>(127,268)</u>	<u>18,189</u>	<u>(1,227,203)</u>
Total capital assets being depreciated, net	<u>1,965,182</u>	<u>(74,490)</u>	<u>-</u>	<u>1,890,692</u>
Governmental activities capital assets, net	<u>\$ 2,230,996</u>	<u>\$ (74,490)</u>	<u>\$ -</u>	<u>\$ 2,156,506</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 19,401
Public safety	55,135
Public works	6,715
Recreation and culture	<u>46,017</u>
Total	<u>\$ 127,268</u>

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - INTERFUND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2008, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
General	\$ 128,057	Road	\$ 128,057
Library	<u>80,000</u>	General	<u>80,000</u>
Totals	<u>\$ 208,057</u>	Totals	<u>\$ 208,057</u>

The transfer to the General Fund from the Road Fund represents restricted revenues collected in the Road Fund to pay for maintenance costs of the Road Activities accounted for in the General Fund.

The transfer to the Library Fund represents the Township's budgeted annual operating subsidy to support Library operations.

NOTE 7 - PAYABLES:

At March 31, 2008, the Township's payables were as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental activities:				
General Fund	\$ 8,682	\$ 22,676	\$ 6,477	\$ 37,835
Street Lighting Fund	3,495	-	-	3,495
Library Fund	<u>929</u>	<u>-</u>	<u>-</u>	<u>929</u>
Total	<u>\$ 13,106</u>	<u>\$ 22,676</u>	<u>\$ 6,477</u>	<u>\$ 42,259</u>
Component unit:				
Dorr Downtown Development Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,477</u>	<u>\$ 2,477</u>

NOTE 8 - DEFERRED REVENUE:

As of March 31, 2008, deferred revenue consists of sewer special assessments unavailable to liquidate liabilities in the current period in the amount of \$625,466.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - LONG-TERM OBLIGATIONS:

At March 31, 2008, long-term liabilities are comprised of the following individual issues:

Primary government:

Governmental activities:

Contracts payable:

\$2,105,705 - 1999 sewer assessment, due in annual installments
through 2009, interest at approximately 4.30% \$ 4,175

\$905,000 - 2005 sewer assessment, due in annual installments
through 2026, interest at approximately 5.22% 621,291

Total \$ 625,466

Long-term obligation activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Note Payable - library construction	\$ 236,059	\$ -	\$ (236,059)	\$ -	\$ -
1992 sewer assessment	677	-	(677)	-	-
1999 sewer assessment	195,171	-	(190,996)	4,175	696
2005 sewer assessment	<u>726,140</u>	<u>-</u>	<u>(104,849)</u>	<u>621,291</u>	<u>36,546</u>
Total governmental activities	<u>\$ 1,158,047</u>	<u>\$ -</u>	<u>\$ (532,581)</u>	<u>\$ 625,466</u>	<u>\$ 37,242</u>

Debt service requirements at March 31, 2008, were as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 37,242	\$ 31,273
2010	37,242	29,411
2011	37,242	27,549
2012	37,242	25,687
2013	37,242	23,824
2014 - 2018	183,430	91,402
2019 - 2023	182,734	45,683
2024 - 2025	<u>73,092</u>	<u>5,482</u>
Totals	<u>\$ 625,466</u>	<u>\$ 280,311</u>

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for all of its employees except volunteer firemen and seasonal employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date of employment. The Township is required to contribute 10% - 25% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township and employees each made required contributions of \$11,625, respectively.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 11 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2008, is as follows:

Revenues	\$ 69,576
Expenses	<u>69,576</u>
Excess of revenues over expenses	<u>\$ -</u>

NOTE 12 - JOINT VENTURES:

The Township, together with the Township of Leighton, established a joint wastewater treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township is contingently liable for \$2,411,735 of the authority's outstanding bonds payable, a portion of which is to be repaid from collections of special assessments levied against properties within the Township. Contracts payable equal to the outstanding assessment balances are included in the Township's general long-term debt.

NOTE 13 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Dorr**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 205,450	\$ 205,450	\$ 225,837	\$ 20,387
Licenses and permits	80,025	86,025	94,236	8,211
State grants	450,000	450,000	452,589	2,589
Charges for services	15,900	15,900	23,163	7,263
Interest and rentals	10,500	10,500	22,756	12,256
Other	2,000	2,000	18,444	16,444
Total revenues	<u>763,875</u>	<u>769,875</u>	<u>837,025</u>	<u>67,150</u>
EXPENDITURES				
Legislative	<u>14,000</u>	<u>14,000</u>	<u>14,854</u>	<u>(854)</u>
General government:				
Supervisor	20,400	20,400	20,180	220
Election	5,000	5,500	5,416	84
Assessor	26,400	26,400	26,346	54
Clerk	25,800	25,800	25,575	225
Board of review	780	780	620	160
Treasurer	26,800	26,800	26,017	783
Hall and grounds	58,500	47,300	46,820	480
Cemetery	11,000	17,200	22,028	(4,828)
Other	<u>165,200</u>	<u>152,400</u>	<u>143,401</u>	<u>8,999</u>
Total general government	<u>339,880</u>	<u>322,580</u>	<u>316,403</u>	<u>6,177</u>
Public safety:				
Police	55,000	55,000	54,607	393
Fire	100,000	86,600	89,266	(2,666)
Building inspections	<u>65,000</u>	<u>71,000</u>	<u>70,326</u>	<u>674</u>
Total public safety	<u>220,000</u>	<u>212,600</u>	<u>214,199</u>	<u>(1,599)</u>
Public works:				
Highways and streets	201,500	201,500	129,228	72,272
Street lighting	850	850	214	636
Drains	10,000	20,100	20,043	57
Recycling	<u>12,000</u>	<u>9,500</u>	<u>9,195</u>	<u>305</u>
Total public works	<u>224,350</u>	<u>231,950</u>	<u>158,680</u>	<u>73,270</u>

Township of Dorr

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Community and economic development - planning and zoning	26,000	20,000	18,940	1,060
Culture and recreation:				
Parks and recreation	35,000	35,000	29,887	5,113
Library	13,500	13,500	13,122	378
Total recreation and culture	48,500	48,500	43,009	5,491
Capital outlay	-	29,100	28,512	588
Total expenditures	878,730	884,730	800,597	84,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(114,855)	(114,855)	36,428	151,283
OTHER FINANCING SOURCES (USES):				
Transfer from Road Fund	200,000	200,000	128,057	(71,943)
Transfer to Library Fund	(80,000)	(80,000)	(80,000)	-
Total other financing sources	120,000	120,000	48,057	(71,943)
NET CHANGES IN FUND BALANCES	5,145	5,145	84,485	79,340
FUND BALANCES - BEGINNING	358,787	358,787	358,787	-
FUND BALANCES - ENDING	<u>\$ 363,932</u>	<u>\$ 363,932</u>	<u>\$ 443,272</u>	<u>\$ 79,340</u>

Township of Dorr
BUDGETARY COMPARISON SCHEDULE - Road Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 200,000	\$ 200,000	\$ 211,141	\$ 11,141
OTHER FINANCING USES				
Transfer to General Fund	<u>(200,000)</u>	<u>(200,000)</u>	<u>(128,057)</u>	<u>71,943</u>
NET CHANGES IN FUND BALANCES	-	-	83,084	83,084
FUND BALANCES - BEGINNING	<u>151,922</u>	<u>151,922</u>	<u>151,922</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 151,922</u>	<u>\$ 151,922</u>	<u>\$ 235,006</u>	<u>\$ 83,084</u>

Township of Dorr

BUDGETARY COMPARISON SCHEDULE - Fire Equipment Fund

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 98,000	\$ 98,000	\$ 105,552	\$ 7,552
Interest	<u>1,800</u>	<u>1,800</u>	<u>10,757</u>	<u>8,957</u>
NET CHANGES IN FUND BALANCES	99,800	99,800	116,309	16,509
FUND BALANCES - BEGINNING	<u>250,858</u>	<u>250,858</u>	<u>250,858</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 350,658</u>	<u>\$ 350,658</u>	<u>\$ 367,167</u>	<u>\$ 16,509</u>

Township of Dorr**BUDGETARY COMPARISON SCHEDULE - Library Capital Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 100,000	\$ 100,000	\$ 106,933	\$ 6,933
Interest	<u>-</u>	<u>-</u>	<u>3,820</u>	<u>3,820</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>110,753</u>	<u>10,753</u>
EXPENDITURES				
Debt service:				
Principal	177,000	177,000	236,059	(59,059)
Interest	<u>13,000</u>	<u>13,000</u>	<u>12,962</u>	<u>38</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>249,021</u>	<u>(59,021)</u>
NET CHANGES IN FUND BALANCES	(90,000)	(90,000)	(138,268)	(48,268)
FUND BALANCES - BEGINNING	<u>199,197</u>	<u>199,197</u>	<u>199,197</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 109,197</u>	<u>\$ 109,197</u>	<u>\$ 60,929</u>	<u>\$ (48,268)</u>

SUPPLEMENTARY INFORMATION

Township of Dorr

COMBINING BALANCE SHEET - nonmajor governmental funds

March 31, 2008

	<i>Special revenue funds</i>		
	<i>Public Improvement</i>	<i>Liquor Law Enforcement</i>	<i>Street Lighting</i>
ASSETS			
Cash	\$ 204,243	\$ 2,724	\$ 6,630
Receivables, net	<u>1,975</u>	<u>-</u>	<u>2,648</u>
Total assets	<u>\$ 206,218</u>	<u>\$ 2,724</u>	<u>\$ 9,278</u>
LIABILITIES AND FUND BALANCES			
Liabilities - account payable	\$ -	\$ -	\$ 3,495
Fund balances - unreserved, undesignated	<u>206,218</u>	<u>2,724</u>	<u>5,783</u>
Total liabilities and fund balances	<u>\$ 206,218</u>	<u>\$ 2,724</u>	<u>\$ 9,278</u>

<u>Library</u>	<u>Total nonmajor governmental funds</u>
\$ 87,442	\$ 301,039
<u>6,472</u>	<u>11,095</u>
<u>\$ 93,914</u>	<u>\$ 312,134</u>
\$ 929	\$ 4,424
<u>92,985</u>	<u>307,710</u>
<u>\$ 93,914</u>	<u>\$ 312,134</u>

Township of Dorr**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2008

	Special revenue funds		
	<u>Public Improvement</u>	<u>Liquor Law Enforcement</u>	<u>Street Lighting</u>
REVENUES:			
Licenses and permits	\$ -	\$ 2,342	\$ -
State grants	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	8,143	61	-
Other	-	-	38,931
	<u>-</u>	<u>-</u>	<u>38,931</u>
Total revenues	<u>8,143</u>	<u>2,403</u>	<u>38,931</u>
EXPENDITURES:			
Public works	-	-	45,487
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>45,487</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,143</u>	<u>2,403</u>	<u>(6,556)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,143	2,403	(6,556)
FUND BALANCES - BEGINNING	<u>198,075</u>	<u>321</u>	<u>12,339</u>
FUND BALANCES - ENDING	<u>\$ 206,218</u>	<u>\$ 2,724</u>	<u>\$ 5,783</u>

<u>Library</u>	<u>Total nonmajor governmental funds</u>
\$ -	\$ 2,342
4,725	4,725
2,389	2,389
41,630	41,630
803	9,007
<u>2,819</u>	<u>41,750</u>
 52,366	 101,843
 -	 45,487
136,524	136,524
<u>5,561</u>	<u>5,561</u>
 142,085	 187,572
 (89,719)	 (85,729)
 80,000	 80,000
 (9,719)	 (5,729)
<u>102,704</u>	<u>313,439</u>
 \$ 92,985	 \$ 307,710

August 15, 2008

To the Board of Trustees
Township of Dorr

We have audited the financial statements of the governmental activities, the discretely-presented component unit, each major fund and the aggregate remaining fund information of the Township of Dorr for the year ended March 31, 2008, and have issued our report thereon dated August 15, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Dorr are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Dorr during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Dorr's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Dorr as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Dorr's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

- The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Dorr and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.